

Nov 12, 1999

Toray Announces Consolidated Business Results for Half-Year Ended September 30, 1999

Consolidated business results

(1) Overall Results

Toray Industries, Inc. today reported consolidated net sales of ¥478.9 billion (US\$ 4,476million), down 2.7% from the first half of the previous year. Operating income dropped to ¥13.8 billion (US\$ 129million), while ordinary income totaled ¥11.0 billion (US\$ 103million). Net income increased 33.1% to ¥4.6 billion (US\$ 43million) for the half-year ended September 30, 1999.

Though the Japanese economy shows signs of recovery due to several government stimulus packages, prolonged slumps in consumer spending and private-sector capital investment affected Toray's business results. The company realizes that the weak conditions continue to encumber a full-fledged recovery elsewhere in Asia even though the currency crisis has been overcome for the time being. The U.S. economy is firm and that of EU is improving.

Reviewing the company's business operations, sales of fibers and textiles totaled ¥203.3 billion (US\$ 1,900million), down 5.8% from the first half of the previous year. Even though new plants in China (polyester filament) and Italy (man-made suede) contributed to the segment's sales increase, the parent company and its subsidiaries have suffered from stagnant Japanese consumer spending and unbalanced supply and demand in Asia. Operating income in this segment declined to ¥7.4 billion (US\$ 69million).

Sales of plastics and chemicals increased to ¥143.2 billion (US\$ 1,338million) . Lumirror*, a mainstay polyester film product, witnessed lackluster sales in terms of magnetic recording media applications. Declining market prices at home and abroad also hurt the results of film business. On the other hand, resin products of the parent company as well as domestic subsidiaries saw their sales expand steadily in the application of automotive and electronics industries. Operating income in this segment slipped to ¥4.1 billion (US\$ 38million) .

Housing and engineering sales dropped to ¥54.6 billion (US\$ 510million) due to the unfavorable business performance of the parent company and its domestic subsidiaries. Operating income for the segment fell into the red by ¥2.6 billion (US\$ 24million.)

Sales of pharmaceuticals and medical products increased to ¥23.7 billion (US\$ 221million). Dorner* and Procylin*, drugs for periferal vascular disorders and Toraysulfone, a polysulfone membrane artificial kidney boasting excellent

dialysis performance, aggressively expanded their markets. As a result, operating income increased to ¥ 1.7 billion (US\$ 16million).

Sales of new products and other businesses dropped slightly to ¥ 54.0 billion (US\$ 505million). Sales of Toptical*, TFT-color filters for LCDs, contributed to increased sales in the electronics and information-related fields. However, advanced composite materials performed unfavorably, attributing to decreased sales in the U.S. and European aerospace, industrial and sporting goods industries. Operating income slipped to ¥ 3.1 billion (US\$ 29million).

In terms of domestic production, Toray have accomodated a growing demand for high value-added products by enhancing production facilities for polyester metalizing basic films for magnetic recording media, color filters, Kapton*, a polyimide film and metalizing process for anti-reflection films.

Toray strengthened its global operations by increasing production capacities, for polyester filament yarns (China), polyester films (France and Malaysia) and carbon fibers (United States). It also strengthened its corporate structure by restructuring unprofitable businesses, Toray Living Co., Ltd. and Toray Komatsu Printing (EU) Ltd..

Toray's board of directors declared that an interim dividend of ¥ 3.5 per share would be paid on or after December 10, 1999.

(2) The outlook regarding consolidated business results for fiscal 2000 ending March 31, 2000

For the fiscal year ending March 31, 2000, Toray is targeting consolidated net sales of ¥ 1,030 billion (US\$ 9,626million), operating income of ¥ 42 billion (US\$ 393million), ordinary income of ¥ 34 billion (US\$ 318million), and net income of ¥ 12 billion (US\$ 112million).

Notes:(1) U.S. dollar amounts are based on an exchange rate of ¥ 107 = US\$1, which prevailed on September 30, 1999.

(2) Financial information contained herein was compiled based on audited financial statements.

(3) Product names with an asterisk are trademarks of Toray Industries, Inc.

*Procylin is a trademark of Kaken Phramceutical Co., Ltd, and its preparation is supplied by Toray Industiries Inc.

*Kapton is a trademark of E.I. Du Pont (U.S.).

Management Policy

(1) Corporate Mission

Toray's corporate philosophy is "to contribute to society through the creation of new value by innovative ideas, technologies and products".

"Creation of new value" is to develop and provide products and services for our society remaining ahead of the time, and to ensure customer satisfaction.

"Society" includes customers, the local community and a natural environment. Toray will "contribute to society" by creating valuable products and services , preserving the environment, behaving fairly and sincerely, and acting as a responsible corporate citizen.

Under this corporate philosophy, Toray set up corporate missions as below:

For our customers:

To provide new value to our customers through high-quality products and superior services

For our employees:

To provide our employees with opportunities for self-development in a challenging environment

For our shareholders:

To provide our shareholders with dependable and trustworthy management

For the local community:

To act as a responsible corporate citizen to build a long-lasting, beneficial partnership with the local communities in which we do business

Toray takes on responsibility to and contribute to customers, employee, shareholders and the local community.

(2) Medium- and Long - Term Business Strategies and Management Target

Recognizing all aspects of domestic and foreign politics, economy and society are in need of drastic structural reform, Toray formulated a new, long-term corporate

vision, "New AP-G2000," in April 1997. This vision provides a set of uniform principles to guide the corporate activities of Toray and the Toray Group into the 21st century. Guided by the new vision, Toray will develop its corporate growth by promoting group management and globalization even further.

Toray aims to generate growth and profitability simultaneously by "realizing business expansion" and "establishing profitable corporate structure through effective self improving efforts."

The company will promote its growth strategy by developing promising businesses, which will form the core of the company in the 21st century, as well as by focusing on the company's current core business, which are expected to lead to increased ROE.

(3) Operating Focus

Toray will expand the profitability of the Group by successfully launching strategic capital investment projects, which it has initiated over the past few years at home and abroad.

The company will focus management resources in promising business fields. At the same time, it will promote restructuring, including contracting and divesting, unprofitable businesses.

Another important focus is to reduce total costs by rationalizing each of the company's business operations. The company is trying hard to meet this challenge as one of its top priorities during this period.

1 Consolidated Business Results

(All amounts in millions of Japanese Yen except the "per share" data)

(1) TORAY'S CONSOLIDATED FINANCIAL HIGHLIGHTS

	Half year ended Sept. 30 1999 (A)	Half year ended Sept. 30 1998 (B)	Year ended March 31 1999	Change {(A) - (B)} × 100 (B)
Net sales	478,894	492,378	1,001,117	-2.7%
Fibers and textiles	203,321	215,746	420,040	-5.8%
Plastics and chemicals	143,197	141,433	295,537	1.2%
Housing and engineering	54,636	58,394	132,343	-6.4%
Pharmaceuticals and medical products	23,707	22,575	47,796	5.0%
New products and other businesses	54,033	54,230	105,401	-0.4%
Operating income	13,833	28,439	47,564	-51.4%
Ordinary income	11,024	23,229	41,460	-52.5%
Net income	4,557	3,423	8,117	33.1%
Depreciation	38,069	37,008	78,143	2.9%
Capital investment	28,730	62,045	121,677	-53.7%
Total assets	1,415,970	1,431,195	1,437,360	-1.1%
Property, plant and equipment, net	626,255	647,235	643,914	-3.2%
Total stockholders' equity	491,009	491,709	491,497	-0.1%
Per Share of common stock:				
Net income	¥3.25	¥2.44	¥5.79	33.2%
Cash dividends	¥3.50	¥3.50	¥7.00	---
Stockholders' equity	¥350.35	¥350.85	¥350.70	-0.1%
Ratios:				
Operating income to net sales	2.9%	5.8%	4.8%	
Net income to net sales	1.0%	0.7%	0.8%	
Equity ratio	34.7%	34.4%	34.2%	
Return on equity	1.9%	1.4%	1.6%	

Projection of results	Year ended March 31 2000
Net sales	1,030,000
Operating income	42,000
Ordinary income	34,000
Net income	12,000

(2) SEGMENT INFORMATION (For the half year ended September 30, 1999)

Industrial Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income	Assets	Depreciation and amortization	Capital expenditures
Fibers and Textiles	203,321	355	203,676	7,412	456,701	13,291	10,506
Plastics and Chemicals	143,197	10,473	153,670	4,082	488,232	15,192	12,125
Housing and Engineering	54,636	18,637	73,273	(2,622)	187,254	1,278	786
Pharmaceuticals and Medical Products	23,707	20	23,727	1,660	66,459	1,251	881
New Products and Other Businesses	54,033	9,997	64,030	3,071	232,022	7,560	5,349
Total	478,894	39,482	518,376	13,603	1,430,668	38,572	29,647
Elimination and Corporate	---	(39,482)	(39,482)	230	(14,698)	(482)	(327)
Consolidated Total	478,894	---	478,894	13,833	1,415,970	38,090	29,320

Geographic Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income	Assets
Japan	367,107	26,659	393,766	8,005	1,049,956
Asia	55,666	6,876	62,542	2,394	162,419
Europe & United States	56,121	3,712	59,833	3,168	183,607
Total	478,894	37,247	516,141	13,567	1,395,982
Elimination and Corporate	---	(37,247)	(37,247)	266	19,988
Consolidated Total	478,894	---	478,894	13,833	1,415,970

Export Sales and Sales by Overseas Subsidiaries

	Export sales and sales by overseas subsidiaries	Percentage of such sales against consolidated net sales
Asia	82,023	17.1%
Other regions	87,815	18.4%
Total	169,838	35.5%